


Housing Authority - County of Los Angeles

February 17, 2009

TO: Each Supervisor

FROM:  Corde Carrillo, Acting Executive Director



**SUBJECT: MONTHLY PROGRESS REPORT ON THE SECTION 8 PROGRAM
PERIOD OF JANUARY 15, 2009 – FEBRUARY 13, 2009**

On March 13, 2007 your Board instructed the Housing Authority of the County of Los Angeles (HACoLA) to report monthly on the progress to remove the Section 8 program from its Troubled status under the Section 8 Management Assessment Program (SEMAP). On June 17, 2008 your Board directed the Housing Authority to report on progress made in obtaining HUD VASH (Veterans Affairs Supportive Housing Program) vouchers. Additional Program information has also been provided.

This report covers activities for the period between January 15, 2009 and February 13, 2009 on the following:

Section Eight Management Assessment Program (SEMAP)

SEMAP measures the performance of the public housing agencies (PHAs) that administer the housing choice voucher program in 14 key areas (indicators). HACoLA is reporting data on its most troubled SEMAP indicators in Fiscal Year 05-06.

Lease-up, Annual Reexaminations and Inspections –

Performance information is obtained from HUD's data reporting system, known as the Public and Indian Housing Information Center (PIC). The PIC system bases delinquencies on a 14-month cycle. HACoLA maintains an internal tracking system based on a 12-month cycle to anticipate program outcomes.

As of January 31, 2009:

Indicator 13 - Lease-Up: The 97% lease-up rate reflects 20,227 vouchers leased, out of the 20,876 voucher allocation.

Indicator 12 - Annual Inspections: The 4% delinquency rate reflects 831 inspections out of 18,656 annual reinspections.

Indicator 9 - Annual Reexaminations: The 10% delinquency reflects 1,901 out of 18,791 annual reexaminations. Three factors have contributed to the delinquency in reexaminations. 1) Conversion, staff training, and implementation of the Yardi Software

System in June 2008 delayed reexaminations for two months. 2) The increased lease-up effort in the summer of 2007 resulted in a significant increase in reexaminations in the summer of 2008. 3) In October 2008, staff converted from an operational system to a case management approach to establish greater accountability, efficiency, effectiveness in the long term.

The Division needs to complete 10,346 reexaminations for Fiscal Year 2008-09 by June 30, 2009. Staff is averaging 2,000 reexaminations per month, however, additional support is necessary to start processing 5,373 reexaminations effective in July, August, and September 2009. HACoLA is procuring a housing consultant on a limited basis to complete the reexaminations due by June 30, 2009. We will be requesting Board approval to contract with the most responsive housing consultant in March 2009. The Division is tracking weekly progress to be current by June 30, 2009 and to prevent future delinquencies.

Indicator 14 – Family Self Sufficiency (FSS) Status –

HUD requested that HACoLA inform the Board monthly on the FSS Program in reference to the CAP for FY 06-07. The FSS Program helps participating voucher families obtain employment that will lead to economic independence and self-sufficiency. Participating families contribute to a matched savings account that can be used toward higher education or homeownership. HACoLA works with welfare agencies, schools, businesses, One Stop Employment Centers and other local partners in assisting FSS family members gain the skills and experience needed to obtain employment that pays a living wage.

FSS program services include referrals to agencies that provide child care, transportation, education, job training and employment counseling, substance/alcohol abuse treatment or counseling, and household skills training.

FSS reporting data is also obtained from PIC (see above). Our mandatory HUD assigned slots (updated once annually) are for 782 families. As of January 31, 2009, the 54% enrollment rate reflects enrollment of 426 families, with 28% of the families (118) maintaining an escrow balance. HACoLA must maintain a 60% enrollment rate, of which 30% must have escrow balances. Staff is currently conducting direct outreach from new contracts to recruit new program participants who have direct income to increase our FSS enrollment.

HACoLA's internal assigned slots are for 764 families; the difference is due to 18 families who have graduated from the program. Our internal reporting rate reflects a 62% enrollment rate (474 families), with 139 families (29.3%) having escrow balances.

This discrepancy is due to families porting out of LA County to Housing Authorities that do not administer an FSS program. HACoLA continues to manage their contracts, but they are not recognized under PIC.

HUD OIG Audits

HUD OIG Audit on Tenant Eligibility and Annual Reexaminations – FYE 2005- 2006

In January, 2008, in recommendation 1M of the 2008-LA-1007 Audit report, the OIG recommended that HACoLA repay \$3,662,972 from administrative savings for fiscal years 2005 and 2006 for not adequately administering the Program, due to delinquent annual reexaminations. On October 23, 2008, after further review, HUD agreed to reduce the amount to \$1 million with a target date of November 30, 2008. HUD also suggested that HACoLA submit a request if it would like to negotiate a repayment agreement.

In a November 19, 2008 letter, HACoLA requested reconsideration of the \$1 M repayment due to the negative fiscal impact on the Program operations and the cooperation that HACoLA had demonstrated in resolving audit deficiencies. On December 8, 2008, HUD's response indicated that the \$1M repayment gave consideration to the seriousness of the violations and the fiscal impact on HACoLA. In January 22, 2009, I met with the HUD Los Angeles Area Officials to discuss this matter further. HUD officials reemphasized HACoLA's obligation to repay the \$1M, taking into consideration a proposed repayment plan. On February 9, 2009, I sent a letter to HUD requesting to repay the \$1M over a ten (10) year period. I will inform you of HUD's response upon receipt.

During the week of February 16, 2009, HUD staff is on site conducting a review of re-examinations completed for FY 2005 and 2006 with the goal of closing recommendation 1D that required HACoLA to complete 4,700 delinquent re-exams. You will be notified of the results.

HUD OIG Financial Audit for Fiscal Years 2005 and 2006

An OIG financial audit of Fiscal Years 2005 and 2006 began the week of January 5, 2009. The exit conference was conducted on January 28, 2009. The OIG audit included a complete financial assessment of our agency. One finding was identified regarding how administrative costs are allocated to the CDC Divisions. The current methodology was developed by KPMG LLP (a national provider of audit, tax, and advisory services) and subsequently modified to meet HACoLA's needs. OIG's preliminary report recommends that Section 8 Program be reimbursed approximately \$3 M from non-restricted funds because allegedly funds were not reasonably and equitably

allocated in Fiscal Years 2005 and 2006. No funds will need to be reimbursed to HUD. A final OIG report is pending by the end of February, 2009. Staff is reviewing options and the current allocation methodology with KPMG to prepare a response in March 2009.

Corrective Action Plan (CAP) for FYE 2006 –

In response to the HUD OIG Audit for FY 05-06, all CAP items for FYE 2006 have been closed, with the exception of one member of the Housing Commission Advisory Board's completion of the Housing Choice Voucher Program training. The Housing Commissioner is currently completing the training on-line and should be finished by February 28, 2009.

Corrective Action Plan (CAP) for FYE 2007 –

HUD's on-site confirmatory review resulted in a reduction of points for specific SEMAP indicators and a Troubled rating for Fiscal Year ending June 30, 2007. HACoLA and HUD finalized a CAP that was approved by your Board on December 16, 2008 with thirty four (34) PHA strategies. The second monthly progress report of the CAP was sent on February 13, 2009, with subsequent submittals due the 15th of every month. Twelve (12) strategies have been addressed and it is expected that all items for the CAP will be closed by June 2009.

Confirmatory Review Results for FYE 2008 -

On February 10, 2009, I informed you that HUD and the Office of Recovery and Prevention had completed an on-site confirmatory review for FYE 2008 from January 26 through January 29, 2009. HACoLA received a SEMAP score of 113 out of 145 possible points, earning a "Standard Performer" rating. HUD will provide our score in writing within 30 days of January 29, 2009. This was a major milestone in transitioning the Program out of troubled status. Upon execution of the \$1M repayment agreement, completion of the implementation of the CAP for FY 2006-07, and HUD approval of the Agency Plan, the Section 8 Program will be removed from HUD's troubled status.

Other Activities

Los Angeles Housing Resource Center (formerly Socialserve.com)-

For a 28-day period between January 14 and February 11, 2009, the Los Angeles Housing Resource Center averaged 7,781 total listings (a 10% increase over last month); there were 4,943 participating landlords (a 9% increase), and 134,517 housing searches conducted (a 22.5% increase).

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Call Center –

Our call center averaged a weekly total of 2,113 calls, with an overall total for the period between January 15 and February 12, 2009 of 8,451 calls. The average hold time was 1 minute, 40 seconds.

HUD-VASH Vouchers –

While we continue to work with the City of Long Beach and the Housing Authority of the City of Los Angeles (HACLA), who received 70 and 840 vouchers, respectively, our status remains unchanged from last month's progress report.

New Manager for Contract Maintenance -

Dorian Jenkins, has been hired as the new Manager for the Contract Maintenance Unit effective February 23, 2009, responsible for case management and reexaminations of the existing housing choice vouchers. Mr. Jenkins was the Assistant Director at the Housing Authority of the City of Los Angeles (HACLA). He brings 13 years of housing experience in both the Section 8 and Public Housing Programs.

Please contact me if you have any questions or need additional information.

CC:MB:ML:dt

c: Lari Sheehan, Chief Deputy Executive Officer
Sachi A. Hamai, Executive Officer/Clerk Board of Supervisors
Each Deputy